
Housing Committee

HB 1737

Brief Description: Granting tax incentives for certain multiple-unit dwellings in urban centers.

Sponsors: Representatives Ericks, Curtis, Simpson, Jarrett, Miloscia, Springer, Clibborn, Eddy, Haler, Roberts and Ormsby.

Brief Summary of Bill
<ul style="list-style-type: none">• Lowers the population requirement for a city to be eligible to offer property tax exemptions for certain multi-unit housing projects to 5,000 people.

Hearing Date: 2/5/07

Staff: Robyn Dupuis (786-7166).

Background:

New, rehabilitated or converted multi-unit housing projects in targeted residential areas are eligible for a 10-year property tax exemption offered by eligible and participating cities. The property tax exemption may be applied to new housing construction and the increased value of a building due to rehabilitation. The exemption does not apply to the land or the non-housing improvements. If the property changes use before the 10 year exemption ends, then back taxes are recovered based on the difference between the taxes paid and the taxes that would have been paid without the tax exemption.

If dwelling units are on separate parcels for the purpose of property taxation, as is common with owner occupancy units, the exemption may, at the local government's discretion, be limited to the individual dwelling units that meet the local guidelines.

Cities with a population of at least 30,000 or the largest city or town in a county planning under the Growth Management Act (GMA) may offer the multi-unit housing property tax exemption.

There are a variety of requirements all multi-unit housing projects must meet, including:

1. The housing must be located in a residential targeted area as designated by the city.

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2. The housing must meet the guidelines as adopted by the city which may include density, size, parking, low-income occupancy and other adopted requirements.
3. 50 percent of the space must be for permanent residential occupancy.
4. New construction must be completed within three years of the application's approval.
5. Property to be rehabilitated must be vacant at least 12 months prior to application.
6. The applicant must enter into a contract with the city and agree to terms and conditions.

Fifty cities qualify to utilize the tax exemption program. Sixteen cities have utilized the program.

Summary of Bill:

Cities eligible to offer the multi-unit housing property tax exemption are those with a population of at least 5,000 people, or the largest city or town located in a county planning under the Growth Management Act.

If a city places qualifying conditions on specific units or parts of a multi-unit housing project, instead of to the project as a whole, regardless of whether or not the units are on separate taxation parcels, the tax exemption is limited to the value of the improvements only for those particular dwelling units that meet the qualifying conditions.

A local governing body may authorize an administrative official or commission to enter into contracts in regards to the multi-unit property tax exemption.

Appropriation: None.

Fiscal Note: Requested on January 30, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.